

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
140 N. 8th Street, Suite 290, Lincoln, Nebraska

Minutes
March 18, 2005

DRAFT The minutes are not final until approved at the May 3-4, 2005 Board meeting.

Friday, March 18, 2005

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (NBPA) was called to order at 8:35 a.m. on Friday, March 18, 2005 with Chair Dean Graf, CPA presiding. The roll was called with the following members present: Dean Graf, William Nuckolls, Jim Titus, Richard Zacharia, Doug Skiles, Anne Fuhrman, Tom Obrist, and Kate King Wu. Also present were Executive Director Dan Sweetwood, Staff members Kelly Ebert, Jo Lowe, and Intern Jess Paisley. Chair Graf welcomed new Board member Kate King Wu. The meeting was held at the Board Office at 140 N. 8th Street, Suite 290, Lincoln, Nebraska.
- B. Approval of Meeting Agenda for March 18, 2005.** Moved by Obrist, seconded by Zacharia, to approve the agenda for the March 18, 2005 meeting. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #1 carried.
- C. Approval of Minutes from January 6, 2005.** Moved by Titus, seconded by Zacharia to approve the Board minutes from the January 6, 2005 meeting, that had been reduced to one day due to inclement weather. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #2 carried.

2. Public Comment Period (15 minute period)

Dan Vodvarka, President of the Nebraska Society of CPA's (NSCPA), was present to answer any Board questions related to the NSCPA work on legislation during the 2005 session. He provided a summary of current bills the Society is watching. He also noted that the catalog of NSCPA continuing professional education (CPE) courses is ready. The NSCPA newsletter articles will note the specific number of hours of ethics available for CPE courses.

Dr. Richard File, Chair of University of Nebraska-Omaha Accounting Department, was present and discussed with the Board proposed changes to the Uniform Accountancy Act (UAA) Rules 5-1 and 5-2 related to educational requirements to take the CPA exam. He was strongly opposed to the creation of additional requirements that are a barrier to entry into the CPA profession on a national level.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Titus, seconded by Nuckolls, to approve the consent agenda, adding the February disbursements. On a roll call

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- vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #3 carried.
- B. Approval of Disbursements.** Board Secretary Nuckolls reviewed the disbursement reports that were prepared by staff. Disbursements for December 2004, January and February, 2005, were approved.
 - C. Review of Board Budget Status Report.** The Budget Status Report was provided. Executive Director Sweetwood reported that the Other Contractual Services line item was higher than projected based on the continued use of intern Jess Paisley. The Board office is caught up on filing.
 - D. Office Management Report.** The Office Management Report was provided.

Attorney Steve Grasz joined the meeting at 9:40 a.m.

4. Report of the Chair

- A. Report of the Chair.** Chair Dean Graf gave the report.
- B. National Association of State Boards of Accountancy (NASBA) Strategic Initiatives Committee Update.** While Chair Graf has been a member of the committee for many years, he noted a marked increase of activity this year. NASBA is concerned over several states proposing consolidation of professional state licensure into one agency and eliminating oversight Boards and Commissions, such as state Boards of Public Accountancy, within state government. The committee is in the process of creating a “best practice” in response to states that are currently or might propose this type of consolidation in the future.
- C. Attendance at NASBA Regional Conference – Anchorage, Alaska, June 22-24, 2005.** Executive Director Sweetwood noted that NASBA will provide a scholarship for new Board Members King Wu and Obrist. Moved by Zacharia, seconded by Titus, to approve Board Members and Executive Director Sweetwood’s attendance at the NASBA Regional Meeting to be held in Alaska, June 22-24, 2005. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #4 carried.
- D. Executive Director Annual Evaluation.** The Executive Committee will evaluate the Executive Director prior to the May Board meeting. Comments from other Board members are encouraged. Sample evaluation forms are also requested.
- E. Report on To Do List.** There was no report at this time.
- F. Other Miscellaneous Items.** There were no miscellaneous items at this time.

Assistant Attorney General Lynn Melson joined the meeting at 10:00 a.m.

Closed Session

Closed Session. Moved by Titus, seconded by Fuhrman, that the Board go into closed session at 10:10 a.m., for the purposes of attorney advice concerning possible litigation.

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On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #5 carried.

Return to Open Session. Moved by Titus, seconded by Fuhrman, that the Board return to open session at 10:35 a.m. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #6 carried.

7. Report of Licensing Committee

- B. Graeve Garrelts Denham Bruce LLC Firm Issue.** Motion out of Committee to go into rule making for public input on Chapters 5 and 11 Form of Practice Rule regarding possible use of fictitious firm names. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #7 carried. Staff was directed, with the assistance of Committee Chair Titus, to prepare and circulate proposed language for discussion at the May Board meeting.

5. Report of Enforcement of Professional Conduct Committee

- A. Rodney Zwygart Appeal Update.** Executive Director Sweetwood reported that Board attorney Bob Gemit had indicated that the case was to be heard by the Nebraska Supreme Court possibly this summer.
- B. Troshynski Appeal Update.** A letter was provided by Assistant Attorney General Lynn Melson that the case could possibly be heard by the Nebraska Supreme Court this summer.
- C. Open Case/LMCO Update.** Chair Graf reviewed the open cases and those cases recommended for closure.
- D. Recommend Closure of Complaints.** Motion out of Committee to close the following cases: 04-08, 04-09, 04-10, 04-18, 04-23, 0102-032, and 0001-013. Executive Director Sweetwood reported that on case 0102-032, the Committee recommended closure based on lack of cooperation of the complainant in this matter. Complainant was requested to send a letter to reaffirm his complaint before the Committee, but failed to respond. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #12 carried.
- E. Report on To Do List.** There was no report at this time.
- F. Other Miscellaneous Items.** There were no miscellaneous items at this time.

6. Report of Continuing Professional Education (CPE) Committee

- A. Report of the Committee.** Committee Chair Nuckolls presented the report. The Committee reviewed a total of 1317 CPE courses in 2004 and 90 so far in 2005. Reinstatement applications for Chuma Nnawulezi, Mickey Kane, Perry Severson, and Benjamin Mayeux were approved and referred to the Licensing Committee.

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The Committee reviewed the requests for CPE extensions for the 2005-2007 renewal period. After March 1, 2005 any CPE submissions or requests for extensions will be accompanied by a stipulation and consent order with an administrative fee of \$100. The Committee reported that staff commenced a process to review requested extensions for 2004 for their 2003 CPE hours to prevent double counting of CPE hours. Individuals may not use hours as part of the 2004 CPE extension request again for the 2005 calendar year CPE. Those requesting extensions will be added to this year's CPE audit process. Member Zacharia reviewed the NBPA audit process compared to the NASBA audit and indicated the NBPA process is thorough and appears to be working well. Those CPAs not in CPE compliance will be forwarded to the Enforcement Committee for action. Board members received the lists of those with insufficient hours and those requesting extensions. Certified letters stating that they are no longer eligible to practice public accountancy will be sent to those not in compliance on July 1, 2005.

- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 90 courses for 2004 and approve 66 with 6 denied for 2005 submitted from December 18, 2004 to March 1, 2005. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Zacharia voted aye. Member Titus was absent. Motion #13 carried.
- C. Report on To Do list.** There was no report at this time.
- D. Other Miscellaneous Items.** There was no report at this time.

7. Report of Licensing Committee (Continued)

- A. Report of the Committee.** Committee Chair Titus gave the report. The Committee reviewed licensing issues including:
- Denial of governmental experience based on supervising CPA's response. Member Fuhrman and staff will review the questions on the Governmental Accounting Experience form;
 - Exception request from out of state CPA for experience requirement that was denied;
 - Proper answering of the telephone in a multiple firm office;
 - CPA practicing outside of Chapter 5 007.03 Form of Practice. Staff was directed to bring the CPA into compliance.

The Committee reviewed the 2005 renewal applications for individuals and firms, and reviewed permits, certificates, reinstatements and inactive retired applications. A letter has been drafted to the Assistant Attorney General Melson with specific questions regarding the certificate revocation process. Staff is working on proposed regulation language for temporary practice based on the California model.

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- B. Graeve Garrelts Denham Bruce LLC Firm Issue.** See 7B above.
- C. Ratification of initial permits to practice issued, certificates issued, firm permits.** Motion out of Committee to approve the permits to practice, certificates, and firm permits, issued between Jan. 7 and February 16, 2005. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #9 carried. Moved by Titus, seconded by Fuhrman, to approve the permits to practice, certificates, and firm permits, issued since Feb. 17, 2005. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #10 carried.
- D. Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to approve the reinstatement applications. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #8 carried. Motion out of Committee to approve the inactive retired applications. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #11 carried.
- E. Report of To Do List.** There was no report at this time.
- F. Other Miscellaneous Items.** There were no miscellaneous items at this time.

8. Report of Exam & Education Committee

- A. Report of the Committee.** Committee Chair Skiles gave the report.
 - 1.) E & E Issues.
 - a.) Foreign Transcript Exam Candidate Application. The Committee determined that foreign transcripts/transcript evaluations, whichever is applicable for CPAES to determine if applicants meet the 150 Hour Rule eligibility to take the CPA exam, are required even though the student has a MPA from an AACSB accredited institution. This decision will be forwarded to the Board's CPAES representative for future applicant eligibility.
 - b.) Master of Arts in Public Accountancy (MPA) for UN-L. In reply to a letter from UN-L School of Accountancy Director Paul Shoemaker, students must meet the 150 semester hour requirement to take the CPA exam, even though an MPA from UN-L may only require 147 semester hours.
 - c.) Computer Based Test (CBT) Update. The Committee discussed the very late score releases and the proposed increase in exam fees. The Committee suggested that NBPA create a survey of Nebraska CPA exam candidates to determine exam satisfaction. Motion out of Committee that NBPA participate in a CPA Examination Services (CPAES) pilot project to allow exam applicants to view unofficial scores on a secure web site. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Skiles, Titus, and Zacharia voted aye. Member Obrist voted nay. Motion #14 carried. Moved by Skiles, seconded by King Wu, to send a resolution to all

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members of the Central Steering Group (CSG) that NBPA is unhappy with the CBT slow score release and fee increase. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #15 carried.

- d.) **Approval of Nebraska Wesleyan Courses.** The committee approved the courses.
- e.) **UAA Rules 5-1 and 5-2 Proposed Change.** NASBA Education Chair Kathy Smith participated via conference call to discuss the proposed changes. She provided the history and reasons why the proposed rules should be considered by state boards. She requested that the Board provide comments and suggestions to the NASBA Education Committee. Committee Chair Skiles requested comments from Board members to include in the Board's response.

- B. **Exam Score Ratification.** NBPA had not received scores for the fourth window at this time.
- C. **Report on To Do List.** There was no report at this time.
- D. **Other Miscellaneous Items.** There were no miscellaneous items at this time.

9. Report of the Legislative Committee

- A. **Report on Proposed Legislative Re-write Status.** There was no report at this time.
- B. **Report on To Do List.** There was no report at this time.
- C. **Other Miscellaneous Items.** There were no miscellaneous items at this time.

10. Report of Quality Enhancement Program (QEP) Committee

- A. **Report of the Committee.** Committee Chair Fuhrman outlined the issue between state peer review and AICPA peer review. The purpose of the peer review is to be educational rather than punitive. News articles were provided regarding the transparency issue that will be discussed at future NASBA meetings. NBPA QEP process will take place in May with letters going out to firms after April 15.
- B. **Report on To Do List.** There was no report at his time.
- C. **Other Miscellaneous Items.** There were no miscellaneous items at this time.

11. Report of Executive Director

- A. **Staffing & General Office Issues.** Executive Director Sweetwood reported that the budget is in line with projections.
- B. **NOL Update.** Meetings are ongoing with [Nebraska Online](#) to create the NBPA database and develop online licensing for the Board. The timeline has been pushed back, so CPE reporting will be the first to go online with 2006 licensing to follow.

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- C. **Staffing and General Office Issues.** Staff and Executive Director evaluations will be conducted in April and May. Executive Director Sweetwood requested thoughts and comments from Board members.
- D. **Report on To Do List.** There was no report at this time.
- E. **Other Miscellaneous Items.** There were no additional miscellaneous items.

12. New Business

- A. **National Association of State Boards of Accountancy (NASBA) Items:**
 - 1.) Calendar and locations of NASBA conferences were made available to Board members.
 - 2.) NASBA Committee Member nominations are due by May 2, 2005.
- B. **Other Miscellaneous Items: FYI articles.** The articles were noted.

Closed Session

Closed Session. Moved by Titus, seconded by Zacharia, that the Board go into closed session at 2:40 p.m., for the purposes of enforcement and personnel issues. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Skiles, Titus, and Zacharia voted aye. Member Obrist was absent. Motion #16 carried. Chair Graf recused himself from part of the discussion.

Return to Open Session. Moved by Titus, seconded by Skiles, that the Board return to open session at 3:13 p.m. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #17 carried.

13. Adjournment

Moved by Obrist, seconded by Nuckolls, to adjourn the meeting at 3:15 p.m. on Friday, March 18, 2005. On a roll call vote, Members Graf, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Titus, and Zacharia voted aye. Motion #18 carried.

Respectfully submitted by,

William Nuckolls
Board Secretary